

AUDIT COMMITTEE

MINUTES: 7 September 2017

Present: John McMillan (in the Chair)
Andrew Hetherington, Graeme Bold, Robin Downie, Stephen Vere.

Attending: Audrey Cumberford (Principal), David Alexander (Vice Principal Operations), Alan Ritchie (Director of Finance and Estates), Gwen McArthur (Secretary to the Committee).

Attending by

invitation: Elizabeth Young, Scott-Moncrieff, Internal Auditors; Lucy Nutley, Mazars, External Auditors – Neither were present for item AM276.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Internal and External Auditors joined the meeting.

AM277 WELCOME

The Chair welcomed everyone to the first meeting of the new session and, in particular, Graeme Bold who had now been co-opted to membership of the Committee.

AM278 DECLARATION OF INTERESTS

John McMillan, Audrey Cumberford and David Alexander declared an interest as Trustees of West College Scotland Foundation. Stephen Vere declared an interest as a Director of C3 Investments in Ayrshire College Education Limited.

AM279 MINUTES

The minutes of the meeting held on 8 June 2017 were approved subject to the following amendments:

.1 AM261 Audit Strategy Memorandum

Paragraph 4, end of first sentence should be amended to read:
'which would have an impact on the content of the final audit opinion'.

.2 AM264 Corporate Dashboard of Performance Measures

Second sentence after the colon:
Delete: 'a clean audit report'
Insert: 'an unqualified audit report'.

AM280 ACTIONS FROM THE MINUTES

The Committee noted a report on the actions taken since the last meeting and particularly the following:

.1 Procurement Improvement Plan (AM256.3) – the Director of Finance and Estates informed the Committee that he had met with APUC (Advanced Procurement for Universities and Colleges) to discuss the College's Procurement Improvement Plan (PCIP) and to seek guidance from them regarding other bodies, who were considered to use best practice, that he could meet with to discuss how the College could improve. He had no further information on this yet, but APUC were coming into the College to conduct an interim review of the PCIP Action Plan and further information would be sought from them at that point. The Committee would be kept informed of progress. **[Action: AR]**

.2 Publication Scheme for Board and Committee Papers (AM256.4) – it was noted that there had been no change to the draft publication scheme for Board and Committee papers. In relation to publication of the Strategic Risk Register, this had already been published in this form for some time. It was considered that no further action was required but that

cognisance should be taken of the audience likely to be reading the risk register.

- .3 Corporate Dashboard of Performance Measures (AM264)** – it was noted that this information had been provided to the Corporate Development Committee at its meeting earlier in the week. The Vice Principal Corporate Development would be producing a report for consideration by the Board in light of all the responses provided by the Committees and the Committee would be kept informed of developments.
[Action: AR]

AM281 REMIT, MEMBERSHIP AND DATES OF MEETINGS (AM258)

The Committee noted its remit, membership and dates of meetings in session 2017/18. In relation to its remit the Committee **agreed** that no further changes be made to it at present.

AM282 MONITORING OF REGIONAL OUTCOME AGREEMENT (AM263)

The Committee noted background information on the process used to update the Regional Outcome Agreement (ROA) annually and the key objectives of the ROA for the period 2017/18 – 2019/20. The Vice Principal Operations had provided a paper setting out the processes to be used to monitor the ROA outcomes that fell within the remit of the Committee, which related primarily to governance, in order that the Committee could report to the Board in June 2018. The Committee welcomed this information and **agreed** the processes to be used to monitor the required ROA outcomes.

AM283 WHISTLEBLOWING POLICY AND PROCEDURE (AM260)

The Committee received the revised Public Interest Disclosure (Whistleblowing) Policy and procedure which had been revised in light of the comments made at the last meeting. Legal advice had also been sought in relation to this policy update. The Committee was satisfied with the changes made and

RESOLVED that the revised Public Interest Disclosure (Whistleblowing) Policy and procedure be approved and be made available on the College website.
[Action: DG]

It was noted that the accompanying Guidance Notes for Managers had been amended to ensure consistency with the revised policy and procedure and that this would now be published on the staff intranet.

AM284 FRAUD AND CORRUPTION POLICY

The Committee considered the Fraud and Corruption Policy which had been recently revised to ensure that it remained in line with current best practice. Legal advice had also been sought to ensure the policy was fully

compliant. Once approved this policy would be placed on the staff intranet and appropriate briefing and/or training would be made available to all staff. The Committee confirmed that it was satisfied with the changes made and

RESOLVED that the Fraud and Corruption Policy be approved.

Copies of this policy would be provided to all Board members to ensure that they were aware of their responsibilities in this area. **[Action:GMcA]**

AM285 VALUE FOR MONEY POLICY (AM263)

The Committee considered the Value for Money Policy which had been produced based on current best practice. This policy made clear that it was not just about cost, but about taking other factors into account as well e.g. effectiveness, quality and fitness for purpose. This policy provided guiding principles designed to ensure that decision-making, and subsequent service provision, represented the best value that could be achieved. The Internal and External Auditors also considered value for money as part of their audit process and the External Auditors produced a report on all colleges for Audit Scotland. The Committee welcomed this and

RESOLVED that the Value for Money Policy be approved.

AM286 NATIONAL FRAUD INITIATIVE

The Director of Finance and Estates informed the Committee that the College had taken part in the National Fraud Initiative (NFI) which had been piloted in a limited number of colleges during 2015/16. The NFI in Scotland was a counter-fraud exercise led by Audit Scotland. The Committee noted the questionnaire used by the NFI and the information the College had provided. The Committee was pleased to note that there were no instances of fraud to report. The External Auditors had been required by Audit Scotland to review the NFI arrangements in place at the College. The Committee was pleased to note that the External Auditors had confirmed that they had no concerns and that the College had complied with all the requirements of the NFI reporting. While there had been a number of areas that fell into the 'amber' category, the External Auditors were of the view that this was because it was the first time through this exercise. They had proposed some recommendations for improvement, particularly regarding NFI awareness, which were now being taken forward within the College and would move most of the 'amber' matters to 'green'. The Committee welcomed this report and **agreed** the next steps to be taken as proposed by the Director of Finance and Estates. The Committee would be kept informed of progress.

[Action: AR]

AM287 AUDIT SCOTLAND REPORT – SCOTLAND’S COLLEGES 2017

The Committee noted the Audit Scotland Report – Scotland’s Colleges 2017 and the key recommendations this report contained. The College was already addressing those issues that were relevant to it and the Committee supported the actions being taken.

AM288 ANNUAL REPORT FROM THE COMMITTEE TO THE BOARD

The Committee considered its draft Annual Report to the Board for 2016/17. It was proposed that reference to participation in the NFI initiative (see AM286 above) should be included in this report.

The Committee **agreed** that, subject to some minor amendments, the Annual Report for 2016/17 be approved and be forwarded to the Board for its meeting in December 2017. **[Action: AR]**

AM289 INTERNAL AUDIT REPORT: BUSINESS CONTINUITY AND DISASTER RECOVERY

The Committee received the Internal Audit Report on Business Continuity and Disaster Recovery. The Committee welcomed this report and noted that 5 recommendations for improvement had been made. The most important of these was the need to conduct a business impact analysis as this was considered critical to developing recovery strategies and business continuity plans to minimise the impact of any disruption to the business of the College. This would be progressed as a matter of some urgency with the aim of completing this by December 2017, with the other recommendations being completed by either March or May 2018 as set out in the report. The Committee noted the actions being planned and was aware of the resourcing implications required to complete this. It was also proposed that College staff should meet with staff in other organisations who were currently undertaking similar actions so that they could learn from each other. All the recommendations would be captured in the Rolling Audit Action Plan and so the Committee would receive regular reports on progress. It was **agreed** that the Committee would return to consider the recommendations emerging from this report in some detail at its meeting in March 2018. **[Action: DA; AR]**

AM290 INTERNAL AUDIT FOLLOW-UP REPORT

The Committee received the Follow-Up Report from Internal Audit. This confirmed that the College had made good progress in implementing the agreed actions from previous internal audit reviews with only 21 actions outstanding, from a total of 53, of which 11 actions had not yet reached their due date. The Report also confirmed that all aged actions were now complete. The Committee welcomed this report and noted the information contained in it.

AM291 INTERNAL AUDIT: PROGRESS REPORT (AM269)

The Committee received the Progress Report from the Internal Auditors which confirmed that all reviews to be undertaken in 2016/17 were now complete. The Committee welcomed this information and **approved** the Internal Audit plans for the next quarter.

AM292 INTERNAL AUDIT ANNUAL REPORT 2016/17

The Committee welcomed the Draft Annual Report from the Internal Auditor for 2016/17. The Internal Auditors had achieved their audit plan for the year and could confirm that they had not identified any major control weaknesses. They had identified the key themes arising in 2016/17 which the Committee found helpful.

The Committee was pleased to note this and also the opinion of the Internal Auditor that, on the basis of the work undertaken during 2016/17, 'West College Scotland has an adequate and effective framework of governance, risk management and internal control, and proper arrangements are in place to promote value for money and deliver best value in the achievement of organisational objectives'. The Committee **agreed** it was satisfied with the Draft Internal Audit Annual Report 2016/17. The final Annual Report would be presented to the Joint meeting of the Audit and Finance and General Purposes Committee at its meeting in November.

AM293 ROLLING AUDIT ACTION PLAN (AM270)

The Committee noted the Rolling Audit Action Plan 2017/18. It was pleased to note that 32 recommendations had been fully implemented and **approved** their removal from the Plan. The Committee also **approved** an extension of time to the anticipated completion dates of 6 recommendations. In light of the information presented and the decisions taken above, the Committee **agreed** that the Rolling Audit Action Plan be approved.

AM294 INTERNAL AUDIT ANNUAL PLAN 2017/18 (AM271)

It was noted that the Internal Audit Annual Plan for 2017/18 had been updated in light of the comments made at the last meeting. The Committee **agreed** that the Internal Audit Annual Plan for 2017/18 be approved.

AM295 EXTERNAL AUDIT PROGRESS REPORT (AM261)

The Committee noted a report from the External Auditors on progress made in delivering their responsibilities. Mazars had undertaken an initial visit during the summer which had included scrutiny of the controls in place at the College as well as a review of the information supplied in relation to the National Fraud Initiative (see AM286 above). The

Committee welcomed this report and noted the key issues emerging nationally which would be taken into account.

AM296 ACCOUNTS DIRECTION FOR SCOTLAND'S COLLEGES 2016/17

The Committee noted the Accounts Direction for Scotland's Colleges 2016/17 which had been issued by the Scottish Funding Council (SFC).

AM297 ACCOUNTABILITY REPORT – CORPORATE GOVERNANCE

The Committee considered the Corporate Governance Statement that would be published in the Accountability Report section of the annual accounts. It was noted that some information was not available yet but would be included in the final edition which the Committee would see at the Joint meeting in November. The Committee confirmed that it was satisfied with the information provided to date.

AM298 ANNUAL REPORT ON PUBLIC INTEREST DISCLOSURE, FREEDOM OF INFORMATION/DATA PROTECTION, REGISTER OF INTEREST AND GIFTS & HOSPITALITY

The Committee noted the above Annual Report.

AM299 RISK MANAGEMENT: STRATEGIC RISK REGISTER (AM266)

The Committee considered the Strategic Risk Register and noted the changes that had been made since the last edition, which included the addition of the General Data Protection Regulations (GDPR) that would come into force in May 2018. It was noted that, in relation to the impact of National Bargaining, further information should be available by the time of the next meeting in December. It was also noted that it was the intention to bring a revised Risk Management Strategy to the December meeting for consideration. The Committee welcomed this information and **agreed** that the Strategic Risk Register be approved.

AM300 SCHEDULE OF BUSINESS 2017/18

The Committee noted its Schedule of Business 2017/18.

AM301 TOUR OF GREENOCK CAMPUS

The Committee members confirmed that they had found the tour of the Finnart Street buildings at the Greenock Campus, which had taken place immediately prior to the meeting, very useful.

AM302 NEXT MEETINGS

Tuesday 21 November 2017 at 4.00 p.m. at the Clydebank Campus – joint meeting with Finance and General Purposes Committee; and Thursday 14 December 2017 at 4.00 p.m. at the Paisley Campus.